

Insurance Basics

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Assist LAND with contract and insurance compliance

Engage experts –attorneys and insurance brokers and agents as needed

Assessing risks and protecting yourself and your business

Coverages most frequently required¹

General Liability Insurance – Liability insurance is really just several different types of insurance policies that protect you and your business from financial loss if you are liable for property damage, bodily injury, or personal/advertising injury as a result of your services, providers, operations, products, or completed operations.

Liability insurance is important if you're self-employed.

When things are going great, being self-employed is awesome. But if something goes wrong, it will land on you.

It will protect you from the many things you may be liable for, including lawsuits.

No one wants to spend money on insurance, especially when starting out. But both your business and personal finances could be at stake if something happens. You've worked hard to build your assets– it's important to protect them.

You are interacting with the public.

Lincoln once said, "You can please some of the people all of the time, you can please all of the people some of the time, but you can't please all of the people all of the time."

The same goes for the clients you work with. It's important to deliver your best work but it's equally important to have asset and integrity protection when it comes to your business, as well as defense and damage coverage should you get sued.

There is no one-size-fits-all liability policy and there are various insurance limits.

Talk with an insurance expert as they can help you get the exact coverage you need.

Insurance broker –represents buyer, can shop at many insurance companies

Insurance agent –represents one or more insurance companies

Coverages that fall under General Liability

Property Damage

If you cause damage to client's property, this coverage can help pay for the repair or replacement costs.

Bodily Injury

If someone other than your employee gets hurt on your property, or an injury is caused by you or an employee (anywhere, not just on your property), general liability insurance will help cover the cost. Those costs might include immediate medical expenses, as well as legal costs if they decide to sue. Keep in mind that if one of your employees suffers an injury or sickness on the job, you'll need workers' compensation.

Personal/advertising injury

This covers claims involving libel, false advertising, slander, and copyright infringement. This includes any harm your marketing might cause to someone else's brand or reputation, or unintentionally using someone else's copyright, trademark, or slogan.

Legal defenses and settlements

General liability helps cover court expenses, lawyer's fees, and any punitive damages, losses, or compensation the court awards to the claimant if you are successfully sued.

Cost estimate \$400-\$1,000 (average \$750)

Business Owners Policy (BOP) – If you are a small to medium business considered to be “low risk” this type of bundled policy may be cost effective. If you have a physical business location and important business assets, such as equipment, inventory, cash or customer data you should have this type of policy.

Basic Coverages that fall under BOP

General Liability Insurance –Discussed above

Business Property Insurance – Coverage for property your business owns or rents, such as buildings, equipment, furniture and inventory. This protects business property from losses, such as fire, theft, vandalism, and natural disasters.

Business Interruption Insurance - Coverage for lost revenue resulting from property loss or a covered catastrophe that disrupts your normal business operations. If your business premises suffer damage because of a covered incident, like a fire, and you must relocate while the building is under repair, this supplements your loss of income, as well as any additional expenses that were incurred due to the event.

Optional coverages –Equipment breakdown, outdoor signs, employee dishonesty, etc.

Inland Marine coverage - This coverage protects a business against losses while transporting movable business property, such as materials, goods, and equipment. If you have important property that you frequently move to different locations, temporary storage, on the road, or anywhere off-site, you should consider inland marine insurance.

Cost estimate \$500 - \$3,500 (average \$1,000)

Business Auto Coverage – Commercial auto insurance is a form of liability insurance that covers cars, trucks, and other kinds of service vehicles owned by your business.

Protects your business from financial losses involving the vehicles listed on your policy, such as damages resulting from an accident caused by one of your employees.

Do you need business auto even if you use your personal vehicle for business?

If you use your personal car for business purposes, such as visiting clients and running errands, you'll need this coverage because personal auto insurance policies typically don't cover work-related accidents. Check your personal policy!

Hired & non-owned auto insurance - provides liability protection for vehicles you hire, rent, or borrow, as well as liability protection for non-owned vehicles (i.e. vehicles owned by someone else, such as an employee).

It's an insurance policy for accidents involving vehicles operating on behalf of your business, but that your business does not own.

Why would you need hired & non-owned auto insurance?

If someone who works for you gets in an accident while driving, you can be on the hook for the damages— even for something as simple as picking up lunch for the office.

Your employees and subcontractors are important partners. If they're driving on your behalf, it's your risk— regardless of who owns the car they happen to be driving.

Cost estimate \$100 per year.

Other Considerations

Endorsements - Including additional coverages, referred to as endorsements, will affect the price of your policy. Each endorsement that you add to your policy will increase the price.

Additional Insured - Additional insureds are persons or entities who ask to be insured under the insurance policy with respect to work performed on a job.

They will typically be listed on the Certificate of Insurance, along with the policyholder. Additional insureds could include customers or clients who have requested to be an additional insured for protection from liabilities that arise as a result of you working for them.

If you hire a contractor, you might ask them to add you to their liability insurance policy as an additional insured.

Additional insureds have the following protection:

Defense coverage: For lawyer's fees, court costs, and settlements or judgements. Your policy will kick in if a third party sues your "additional insured" for work they did for you.

Third-party lawsuit coverage: Such as bodily injuries, property damages, and advertising injuries.

Example: Say you own an art gallery and you've hired a cleaning company. You will want to be added to their policy in case the work they do on your premises results in an injury. If someone slips on your freshly waxed floors, your name could end up on the suit because you own the gallery.

Additional Insurance Coverages

Professional liability insurance - (errors and omissions insurance) is insurance that protects you in the event that a client claims your business was negligent, made a mistake, or failed to deliver a promised service. In other words, it's protection against an unsatisfied client.

Who needs professional liability insurance?

If you get paid for providing services or expert advice to clients it may be needed. For example: architects, attorneys, accountants, etc. usually carry this coverage. If something goes wrong on one of your projects, it could quickly result in a lawsuit even if you're technically not at fault.

Cost depends on your profession, location, size and risk levels specific to work.

Umbrella insurance - Umbrella insurance (excess liability insurance) is extra liability insurance designed to protect you against catastrophic losses. Every insurance policy has limits, and the insurance company will only pay up that amount. After the limits are exceeded, you're on your own. This is where umbrella insurance comes in. It's a policy that boosts the coverage limits of your other insurance policies.

Example: You were driving on the way to a photoshoot and got in car accident. You injured a mother and child, but luckily your business auto policy covers up to \$500,000 of the damages. Still, the total amount you're responsible for ends up being \$600,000. Umbrella insurance can cover the additional \$100,000 you need.

Cost estimate average \$600 per year.

Fine Art Insurance covers a wide variety of art collections, from visual arts like paintings and sculptures, to rare books, historical artifacts, and archaeological specimens.²

It's possible to buy special coverage for specific items such as pieces of art, which would cover them for their most recently appraised value.³

Art Insurance specialists are more experienced in creating policies to protect your art and knowing how to help in claim situations.³

Workers' Compensation Insurance - insurance employers need to carry in order to help injured employees pay for medical costs and lost wages due to job-related illness and injuries.¹

State of Ohio – Ohio Bureau of Workers’ Compensation (BWC) requires employers to be included in the “state fund” and you cannot buy an insurance policy from an insurance company.

Employers with one or more employees must carry workers’ compensation.

If you do not have employees the coverage is elective.

If you choose not to cover yourself and are injured on the job BWC will not provide coverage.

In certain instances, your medical insurance may not cover work-related disability or medical bills. Contact your medical insurance provider with specific questions regarding your coverage.

Certain clients may require the coverage in order for you to work for them. City, county, local governments and public institutions may require it.

Application fee is currently \$120.

Prepay premiums based on your payroll/income.

Resources

Pogo.co –Dedicated to helping self-employed business owners get the right insurance.

Assured Partners of Ohio, LLC

Kevin Beirne, Commercial Insurance Agent

440 895-6398

Kevin.Beirne@assuredpartners.com

www.assuredpartnersoh.com

Huntingtontblock.com –Fine art insurance broker

Jeff Minett

jeff.minett@huntingtontblock.com

Art Insurance Now

William Fleischer, Principal

800.921.1008

wfleischer@bfbond.com

www.artinsurancenow.com

Policies are tailored to cover works of art while on or off premises, in transit, in storage, in an exhibition, in a museum, or at an auction house, worldwide.

<https://www.artworkarchive.com/blog/how-to-insure-your-art-collection-the-right-way>

www.bwc.ohio.gov - Ohio Bureau of Workers’ Compensation

Credits

¹ pogo.co

² huntingtontblock.com

³ William Fleischer, Art Insurance Now